GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1409
ANSWERED ON:03.03.2006
COMMERCIAL DEBT
Deora Shri Milind Murli

Will the Minister of FINANCE be pleased to state:

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(a) the details of commercial debt, both, short-term and long-term debt during the last three financial years;

(b) whether this debt has been increasing especially by corporate sector;

(c) if so, the percentage of rise during the above period;

(d) whether the short-term debt can play havoc with payments crisis; and

(e) if so, the steps to be taken to check its impact of balance of payments?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. K. BANSAL)

(a): The outstanding external commercial debt during the last three financial years are given as under:

(US $ Million)

Type of Debt	As on 31st March 2003	2004	2005
A Long -Term Debt$	27,467(-4.3)	26,797(-2.4)	32,116(19.9)
B Short -TermDebt #	2,707(52.3)	4,127(52.5)	7,524(82.3)
C Commercial Debt (A+B)	30,174(-1.0)	30,924(2.5)	39,640(28.2)

Note:Figures in brackets indicate percentage rise over the year.
$ Includes external commercial borrowings and export credits.
# Includes only Trade Credits

(b) & (c) : The increase in long-term commercial debt reflects increased access by Indian corporates to international capital markets. The rise in short term debt is due to larger oil imports and trade credits due to increased domestic economic activities.

(d)&(e): India`s short-term debt is within manageable limits. Short-term debt forms only 6.1% of total debt outstanding and 5.6% of foreign currency assets as at the end of March, 2005.